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C O N F I D E N T I A L BUDAPEST 000107

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DEPARTMENT FOR EUR DAS BRYZA, EUR/NCE, EUR/SCE, AND
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E.O. 12958: DECL: 01/31/2013

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SUBJECT: PM'S FOREIGN POLICY ADVISOR ON KOSOVO, AZERBAIJAN

REF: STATE 9670

Classified By: A/DCM ERIC V. GAUDIOSI; REASONS 1.4 (B) AND (D)

¶1. (SBU) Prime Minister Gyurcsany's Foreign and Security Policy Advisor, Ambassador Karoly Banai, updated Ambassador Foley on Hungary's policy re Kosovo and Azerbaijan in a meeting January 31.

KOSOVO: MAKING IT CLEAR TO MOSCOW

¶2. (C) Banai noted that PM Gyurcsany had called in the Russian Ambassador January 30 to make clear the GoH's position on Kosovo, conveying to him that:

Hungary regards regional stability as being of paramount importance;
Hungary believes regional stability can be maintained and will be advanced by Kosovo independence; and,
Hungary will recognize Kosovo.

Banai added that Hungary continues to look for an "EU platform" that will enable it to move as "neither the first nor the last" of a large initial wave. He added that Hungary would be pleased to participate in an international steering group, but would want to do "whatever it could" in such a way as to make clear that it is not "anti-Serbian" given its "neighborhood concerns."

¶3. (C) Banai reported that the Russian Ambassador had conveyed Moscow's "differing view," specifically its "difficulty accepting" arguments in favor of Kosovo's independence. He commented that Moscow will not recognize Kosovo and will not "go along" with its presence in the UNSC.

Banai concluded that the meeting had been important to "resolve any ambiguity regarding Hungary's position." (Note: The Russian Ambassador here is still best known for his outburst at an opposition party event last year, when he pointed his finger at a party official and used the Communist phrase "do we understand each other?" in an attempt to silence his criticisms of Russian policy. End Note.)

AZERBAIJAN: ALIYEV ON THE WAY

¶4. (C) Banai noted that PM Gyurcsany had spoken with Azeri President Aliyev on the margins of the WEF in Davos, with discussion focusing on improving cooperation between MOL and SOCAR. They had also agreed that Aliyev will visit Budapest February 18) 19 in order to discuss energy cooperation and other issues including increased Azeri student exchanges to Hungary. Banai added that the government might also organize a business forum on the margins to promote deeper commercial

ties, citing the "highly irregular" step of two meetings in quick succession as proof of Hungary's interest in Azerbaijan as a "major supplier for Nabucco."

¶15. (C) Banai advised that the government has encouraged MOL Chairman Hernady to sign an MOU with SOCAR "as quickly as possible." Although Aliyev had indicated that a MOL concession is unlikely given the presence of larger international companies on the ground, he was receptive to both MOL investment in Azerbaijan and to a potential SOCAR office in Budapest to help improve its connectivity to Europe. Ambassador Foley took advantage of the discussion to provide reftel points regarding increased Azeri capacity, congratulating the GoH on its proactive steps toward "a wise investment."

¶16. (C) Comment: Hungary's proactive steps to make clear its Kosovo policy and to improve ties with Baku are welcome signs that the government is not wholly consumed with its domestic political straits. We will remain in close touch with GoH officials, encouraging them to use the upcoming Aliyev visit to move negotiations forward for a major supply contract with Azerbaijan as a means to increase their political and economic investment in Nabucco. DAS Bryza's visit will be a key element of our efforts. End Comment.

FOLEY